Nestor Healthcare Group plc

Interim Accounts

2 months ended 1st March 2009
Registered number 1992981

Interim Accounts

Contents

Directors' report

The directors are pleased to present their report and the interim accounts for the 2 months ended 1st March 2009.

Principal activities and business review
Nestor Healthcare Group plc is the holding company of a group of companies in the social care and primary care sectors.

Results and dividends
The profit attributable to shareholders was £59,747,000 (year to 31st December 2008: loss of £55,691,000).

The directors recommend a final dividend of 1.50 pence per ordinary share for the year to 31st December 2008, to be paid to shareholders on 5th June 2009. No other dividends have been paid or proposed in the 2 months ended 1st March 2009.

Total dividends paid in the year ended 31st December 2008 were 1.00 pence per share, costing £1,128,000.

Directors
The directors who served during the period were Roger Dye, Martyn Ellis, Sir Andrew Foster and John Rennocks. All the directors served throughout the two months to 1st March 2009.

In accordance with the Articles of Association, Martyn Ellis will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election.

Directors' interests
The beneficial and family interests of directors in the share capital of the Company were:

	Ordinary Shares		Share Option Plan 2002		Performance Share Plan 2006	
	01.03.09	31.12.08	**01.03.09**	31.12.08	**01.03.09**	31.12.08
Roger Dye	-	-	-	-	-	-
Martyn Ellis	**22,268**	22,268	**68,875**	68,875	**588,569**	588,569
Sir Andrew Foster	-	-	-	-	-	-
John Rennocks	**106,294**	106,294	-	-	-	-

Notes:
1. None of the directors has any non-beneficial interest in the Company's share capital.
2. No director was materially interested in any contract of significance (apart from contracts of service or for services) with any Group company during or at the end of the period.

Details of share options held by the directors during the period were:

	Scheme (see below)	At 31st December 2008	Exercised	Lapsed	**At 1st March 2009**	Exercise price	Date from which exercisable	Expiry date
Martyn Ellis	1	68,875	-	-	**68,875**	256.98p	Jun '06	Jun '13

Schemes:
1 The 2002 Plan – "Normal Option"

Notes:

1 There is no cost to the employee for the receipt of options under the Share Option Plan 2002.

2 The Share Option Plan 2002 option prices are fixed at the mid-market price on the business day preceding the date of grant.

3 No directors held any Save As You Earn ("SAYE") options at any time in the period.

4 The mid-market price at 27th February 2009 was 25.25 pence and the range during the period was 19.50 pence to 25.75 pence.

Share capital

The Company has only one class of capital, namely ordinary shares of 10 pence each. All issued shares carry voting rights. As at 1st March 2009 the authorised capital of the Company is £20,000,000 comprising 200,000,000 ordinary shares of 10 pence each. At the same date the issued share capital is 112,844,209 ordinary shares of 10 pence each, which also represents the total voting rights at the same date.

There are no restrictions on the transfer of shares or any other securities in the Company; no special rights with regard to control of the Company; no restrictions on voting rights; no agreements known to the Company that could result in restrictions on the transfer of securities or on voting rights; no agreements to which the Company is a party that would take effect, alter or terminate upon a change of control of the Company following a takeover bid; and no agreements between the Company and its directors or employees providing for compensation for loss of office or employment as a consequence of a takeover bid.

Country of incorporation

The Company is incorporated in Great Britain and registered in England and Wales.

Charitable and political donations

No political or charitable donations were made during the period (year to 31st December 2008: £nil).

Financial instruments

Note 12 to the interim accounts contains disclosure on financial instruments.

Disabled employees

It is the Company's policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

The Company applies employment policies that are fair and equitable for all employees and which ensure that entry into and progression within the Company are determined solely by application of job criteria and personal ability and competency.

Full and fair consideration (having regard to the person's particular aptitudes and abilities) is given to applications for employment and the career development of disabled persons. The Company's training and development policies make it clear that the Company will take all steps practicable to ensure that employees who become disabled during the time they are employed by the Company are able to continue to perform their duties.

Employee involvement

The Company attaches considerable importance to ensuring that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Group's performance and the market in which the Company operates. Involvement of employees in the Company's performance is also encouraged by the availability of performance-related bonuses as well as share option schemes, which are described in more detail elsewhere in this report.

Internal circulars and newsletters are issued on a monthly basis and consultation between management and staff is an ongoing process. Employees are consulted on issues directly affecting them wherever practicable.

Creditor payment policy
It is the Company's policy to have appropriate terms and conditions for transactions with suppliers, ranging from standard terms and conditions to those which have been specifically negotiated, and that in the absence of dispute, payment will be made in accordance with those terms and conditions and conforming to the CBI Code of Best Practice; copies are available from the CBI at Centrepoint, 103 New Oxford Street, London. The Company had no trade creditors at either 1st March 2009 or 31st December 2008.

Approved by the Board on 30th March 2009 and signed on its behalf by:

David Collison

David Collison
Company Secretary

Nestor Healthcare Group plc
Registered number: 1992981
Registered office: Allen House, Station Road, Egham, Surrey, TW20 9NT

Income statement
for the 2 months ended 1st March 2009

	Notes	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Administrative expenses		**(145)**	(50,050)
Operating loss	3	**(145)**	(50,050)
Dividends received from subsidiary undertakings		**60,000**	-
Finance expense	4	**(206)**	(5,641)
Profit/(loss) before taxation		**59,649**	(55,691)
Tax credit	5	**98**	-
Profit/(loss) attributable to equity shareholders of the Company		**59,747**	(55,691)

Balance sheet

as at 1st March 2009

	Notes	01.03.2009 £'000	31.12.2008 £000
Non-current assets			
Investments	7	**138,749**	138,649
Non-current assets		**138,749**	138,649
Current assets			
Trade and other receivables	8	**32,041**	312
Current tax asset		**98**	-
Cash and cash equivalents		**1,489**	2,016
Current assets		**33,628**	2,328
Current liabilities			
Borrowings - loans	10	**(16,000)**	(17,000)
Derivative financial instruments	11	**(2,646)**	(2,552)
Trade and other payables	9	**(179)**	(27,720)
Current liabilities		**(18,825)**	(47,272)
Net current assets/(liabilities)		**14,803**	(44,944)
Total assets less current liabilities		**153,552**	93,705
Net assets		**153,552**	93,705
Equity			
Called up share capital	13	**11,284**	11,284
Share premium account	14	**71,439**	71,439
Share payment reserve	14	**1,487**	1,387
Other reserves	14	**25,750**	25,750
Retained earnings/(losses)	14	**43,592**	(16,155)
Equity shareholders' funds	15	**153,552**	93,705

The notes on pages 8 to 18 form an integral part of these financial statements.

The financial statements on pages 5 to 18 were approved by the Board on 30th March 2009 and were signed on its behalf by:

M A Ellis

Statement of recognised income and expense

for the 2 months ended 1st March 2009

	Notes	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Profit/(loss) for the period	14	59,747	(55,691)
Net recognised income/(expense)	15	59,747	(55,691)

Cash flow statement

for the 2 months ended 1st March 2009

	Notes	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Operating activities			
Cash generated from operations	16	572	43,428
Interest paid		(99)	(3,669)
Net cash generated from operating activities		473	39,759
Investing activities			
Sale of subsidiary undertaking	7	-	52
Net cash generated from investing activities		-	52
Financing activities			
Equity dividends paid to shareholders		-	(1,128)
Decrease in loans from banks		(1,000)	(37,000)
Net cash used in financing activities		(1,000)	(38,128)
Net (decrease)/increase in cash and cash equivalents		(527)	1,683
Cash and cash equivalents at the beginning of the period		2,016	333
Net (decrease)/increase in cash and cash equivalents		(527)	1,683
Cash and cash equivalents at the end of the period		1,489	2,016

Notes to the interim accounts

for the 2 months ended 1st March 2009

1 Basis of preparation

These interim accounts have been prepared by the directors in accordance with those International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Interpretations (SICs and IFRICs) which have been adopted by the European Commission and endorsed for use in the EU (collectively "Adopted IFRS").

These accounts are interim accounts prepared in accordance with Section 272 of the Companies Act 1985.

These interim accounts have been prepared under the historical cost convention.

The interim accounts have been prepared in pounds sterling which is the functional currency of the Company.

The principal accounting policies are set out below

Estimates and judgements

The preparation of accounts in accordance with "Adopted IFRS" requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reported period. These estimates are based on historical experience and various other assumptions that management and directors believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

Areas comprising critical judgements that may significantly affect the Company's earnings and financial position are valuation of investments, tax enquiries and share based payments, all of which are discussed in the respective notes.

Adoption of new and revised standards

In the current period, the Company has adopted IFRS 8 "Operating Segments", Amendments to IAS 23 "Borrowing Costs", Amendments to IAS 1 "Presentation of Financial Statements: A Revised Presentation", Amendment to IFRS 2"Share-Based Payment: Vesting Conditions and Cancellations", Amendments to IFRS1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" and Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations arising on Liquidation". One interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) is also effective for the current period. This is IFRIC 13 "Customer Loyalty Programmes". The adoption of these standards and interpretations has not led to any changes in the Company's accounting policies.

At the period-end, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 1 (Revised) First Time Adoption of International Financial Reporting Standards
IFRS 3 (Revised) Business Combinations
Amendments to IAS 27 Consolidated and Separate Financial Statements
IAS 39 (Amendment) Financial Instruments: Recognition and Measurement: Eligible Hedged Items
IAS 39 and IFRS 7 (Amendments) Reclassification of Financial Instruments
IFRIC 15 Agreements for the Construction of Real Estate
IFRIC 16 Hedges of a Net Investment in a Foreign Operation
IFRIC 17 Distribution of Non-cash Assets to Owners
IFRIC 18 Transfers of assets from customers

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

2 Accounting policies

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the asset's net carrying amount. Dividend income from investments is recognised when shareholders' rights to receive payment have been established.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Corporation tax

The amount included in the income statement is based on pre-tax reported profit or loss and is calculated taking into account temporary differences and the likelihood of realisation of deferred tax assets and liabilities. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and when the Group intends to settle its current tax assets and liabilities on a net basis.

Investments

Investments in subsidiary undertakings are held at original cost less any provision for impairment.

Notes to the interim accounts

for the 2 months ended 1st March 2009

2 Accounting policies continued

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-gnerating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Share-based payments

IFRS 2 has been applied to all grants of equity instruments after 7th November 2002 in accordance with the provisions of the standard. The Group issues equity-settled share-based payments to certain employees under the terms of various employee share and share option schemes, including long-term incentive plans and Save As You Earn share option schemes. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value so determined at the grant date is expensed on a straight line basis over the vesting period, based on an estimate of the shares that will ultimately vest, and adjusted for the effect of non-market based vesting conditions Fair value has been measured using a stochastic simulation modelling valuation method.

The fair values of awards granted prior to 7th November 2002 have not been charged to income.

The liability to the Company in respect of these shares is accounted for as a capital contribution made to subsidiary companies by the Company, and as such is recognised as an increase in investments in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents comprise balances at banks that are not capable of being offset against overdrafts or other bank borrowings under group overdraft arrangements, together with balances of cash in hand.

Financial Instruments

The Company has adopted IFRS 7 "Financial Instruments: Disclosure". In the opinion of the directors the accounting policies set out below are consistent with the requirements of this standard.

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets "at fair value through profit or loss" (FVTPL) or "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are classified as FVTPL where the financial asset is held for trading or is designated as FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in finance income or expense in the income statement. The net gain or loss recognised in the income statement incorporates any interest earned on the financial asset.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Financial assets, other than FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recorded in the income statement within administration expenses. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Company has not classified any of its financial assets as held to maturity or available for sale.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities are classified as FVTPL where the financial liability is held for trading. A financial liability is classified as held for trading if it has been incurred principally for the purpose of disposal in the near future or it is a derivative that is not designated and effective as a hedging instrument. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in finance income or expense in the income statement. The net gain or loss recognised in the income statement incorporates any interest paid on the financial liability.

The Company has entered into interest rate derivative contracts to hedge its exposure to changes in interest rates (note 22). These derivative financial instruments are initially recognised at fair value at the date each contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in finance income or expense in the income statement immediately. The fair value of these interest rate derivatives is obtained using quotations supplied by the counterparty banks.

Notes to the interim accounts
for the 2 months ended 1st March 2009

2 Accounting policies continued

Other than the interest rate derivatives noted above, the Company has not designated any other financial asset or liability as being FVTPL.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Unless otherwise indicated, the carrying amounts of both financial assets and financial liabilities held by the Company are reasonable approximations of their respective fair values (note 12).

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares in issue are classified as equity instruments. For the purposes of the disclosures given in note 15, the Company considers its capital to consist of ordinary share capital, share premium reserve, share payment reserve, other reserves and retained earnings.

3 Audit fees

Remuneration of the Company's auditors in respect of audit and all other services was as shown below.

	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Fees payable for the audit of the annual accounts of the Company	1	8
Total fees payable to the Company's auditors	1	8

Audit fees have been borne by other group companies. No fees were paid by the Company to its auditors for non-audit services in the period (year to 31st December 2008: £nil).

4 Finance expense

	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Finance expense		
Interest payable on bank loans and overdrafts	103	3,510
Fair value loss relating to interest rate derivative contracts	103	2,131
Total finance expense	206	5,641

5 Taxation

	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
UK corporation tax credit on taxable loss for the period	98	-
Current tax credit	98	-

The effective tax rate for the period is lower than the average standard rate (28% (2008: 28.5%)) of corporation tax for the UK. The differences are explained below.

	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Profit/(loss) at the average standard rate of corporation tax at 28% (2008: 28.5%)	(16,702)	15,873
Items not chargeable	16,800	-
Items not deductible	-	(14,250)
Surrender of losses	-	(1,623)
Tax credit for the period	98	-

6 Dividends

	2 months to 01.03.2009 £000	Year to 31.12.2008 £000
Equity dividends paid		
Ordinary shares: nil per 10p share (2008 - 1.00p)	-	1,128
Total dividends paid on equity shares: nil per 10p share (2008 - 1.00p per 10p share)	-	1,128

The directors propose a final dividend for the year ending 31st December 2008 of 1.50p per 10p share (cost £1,692,000) and a resolution to this effect will be tabled at the Annual General Meeting.

It is proposed that the dividend will be paid on 5th June 2009 to shareholders who are on the register of members on 8th May 2009.

No dividends have been paid or proposed in relation to the 2 month period to 1st March 2009.

Notes to the interim accounts

for the 2 months ended 1st March 2009

7 Fixed asset investments

	Investment in subsidiaries 01.03.2009 £000
At 1st January 2009	138,649
Capital contributions for share-based payments	100
At 1st March 2009	138,749

	Investment in subsidiaries 31.12.2008 £000
At 1st January 2008	188,245
Disposals	(52)
Impairment	(50,000)
Capital contributions for share-based payments	456
At 31st December 2008	138,649

At the beginning of 2008, investments in subsidiary companies amounted to £188,245,000, inclusive of capital contributions of £90,000,000 made in the course of group restructuring in previous years. In the year to 31st December 2008 an impairment charge of £50,000,000 was accounted for by the Company in relation to the value of the investment in its subsidiary companies. This charge was included within administrative expenses in the accounts of the Company.

The directors have specifically evaluated the carrying values of the investments. The recoverable amount of investments is determined based on value-in-use calculations. These calculations require the use of estimates for cash flow projections based on three-year financial forecasts approved by management, extrapolated to ten years using estimated growth rates which do not exceed the long-term average growth rate for the businesses in which the unit operates, before applying a terminal value based on a small multiple of year 10 cashflows to these annual cash flows. Key assumptions used for value-in-use calculations are budgeted operating profit, depreciation and capital expenditure, together with working capital (generally debtors less creditors) requirements growing in line with nominal assumed growth rates beyond the budgeted period, and a pre-tax discount rate based on the Group's weighted average cost of capital. Management have concluded that it is appropriate to apply the same weighted average cost of capital across all CGUs. Operating profits have been based on past experience and future expectations in the light of anticipated market and economic conditions. The assumptions used to evaluate the value-in-use of investments are a pre-tax discount rate of 8.8% (2008: 8.8%) and an assumed weighted average growth rate of 3.7% (2008: 3.7%). This methodology has been reviewed and reassessed during the period in particular in relation to the treatment of terminal values.

Having evaluated the carrying values of the investments in this way, the directors concluded that an impairment charge of £50,000,000 was required in respect of the carrying value of its investments in the year ended 31st December 2008. No further impairment charge was required or made in the period to 1st March 2009.

Except where stated, the following subsidiary companies are wholly-owned including 100% voting rights, operate in the UK and are registered in England and Wales. All companies have been included in the consolidated results of the Group.

Principal undertakings

Undertaking	Business
Nestor Primecare Services Limited[1]	UK healthcare services in primary and social care
Nestor Equipment Leasing Limited[1]	Provision of asset leasing
Helenus Limited	Intermediate holding company

[1] The interest of Nestor Healthcare Group plc is held through intermediate holding companies.

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. A full list of subsidiary undertakings is available at the Company's registered office.

Disposals

There have been no disposals in the current period.

On 3rd October 2008, the Group sold the entire share capital of Carewatch Care Services Limited, a dormant company, to a third party for a consideration of £52,000. The value of investments disposed of was £52,000 and there was no profit or loss on disposal.

Related party transactions

The Company receives dividends from, and recharges certain costs to, subsidiary undertakings in the normal course of business. Dividend income received in the period amounted to £60,000,000 (2008: £nil). Amounts recharged to subsidiaries amounted to £19,000 (2008: £134,000). Amounts outstanding at 1st March 2009 and 31st December 2008 between the Company and subsidiary undertakings are disclosed in notes 8 and 9.

Compensation of directors is disclosed in note 17. During the period there were no material transactions or balances between the Company and its directors or members of their close family.

8 Trade and other receivables

	01.03.2009 £000	31.12.2008 £000
Amounts owed by Group undertakings	31,749	-
Accrued income and other debtors	292	312
Trade and other receivables due within one year	32,041	312

Notes to the interim accounts

for the 2 months ended 1st March 2009

9 Current liabilities - falling due within one year

	01.03.2009 £000	31.12.2008 £000
Bank loans (note 10)	16,000	17,000
Derivative financial instruments	2,646	2,552
Amounts owed to Group undertakings	-	27,667
Accruals and deferred income	179	53
Total current liabilities	18,825	47,272

10 Net borrowings

	Interest rates	01.03.2009 £000	31.12.2008 £000
Secured:			
Bank loans	variable	(16,000)	(17,000)
Total borrowings		(16,000)	(17,000)
Cash at bank and in hand		1,489	2,016
Net borrowings		(14,511)	(14,984)

All borrowings were repayable within one year at both 1st March 2009 and 31st December 2008.

11 Derivative financial instruments

Counterparties to the financial instruments entered into by the Company are major international financial institutions with high long term credit ratings. The Company monitors its credit exposure to its counterparties via their credit ratings (where applicable) and through its policy thereby limiting its exposure to any one party to ensure that they are within Board approved limits and that there are no significant concentrations of credit risk.

At 1st March 2009 the Company has entered into interest rate derivative contracts to hedge its exposure to changes in interest rates. These contracts are classed as derivative financial instruments. They are initially recognised at fair value at the date each contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resultant gain or loss is recognised within the income statement within finance income or expense. Hedge accounting has not been applied. This practice is considered to be consistent with the requirements of IAS 39 "Financial instruments: Recognition and Measurement".

Market prices or quotations are not available for the particular derivative contracts that the Company has entered into. In the absence of any such market valuations, fair values have been obtained by taking the settlement values advised at each balance sheet date by the respective counterparty banks.

At 1st March 2009 the Company has entered into two such contracts with a combined notional value of £60,000,000. One, for a notional sum of £45,000,000, has the effect of restricting LIBOR rates on that level of borrowings to a range between 4.50% and 7.00%, whilst the other, for a notional sum of £15,000,000, has the effect of restricting LIBOR rates on that level of borrowings to a range between 4.85% and 7.00% Under the terms of both contracts, the actual three-month LIBOR rate at defined quarterly strike dates is compared with both floor and cap levels; if this actual rate is either below the floor or above the cap, a cash payment will then be triggered. This cash payment, made three months after each quarterly strike date, would be payable by the Company if the actual rate were below the floor, or to the Company if the rate were above the cap, calculated by applying the interest rate shortfall or excess for one quarter to the notional contracted borrowing. No such payments were made or received in the 2 months to 1st March 2009 or in the year ended 31st December 2008. No payment is due if actual three-month LIBOR is within the range of the respective floor and cap at the strike date. The contract for the notional sum of £45,000,000 expires in November 2010 whilst that for the notional sum of £15,000,000 expires one month earlier in October 2010.

At 1st March 2009 the combined fair value of the two contracts, as advised by the respective counterparty banks, was minus £2,646,000; this negative fair value has been accounted for within current liabilities. At 31st December 2008 the fair value of the same two contracts had been minus £2,552,000. In the 2 months period to 1st March 2009 a cash payment of £9,000 has been made. The remaining movement in the fair value of the liability, amounting to £103,000, has been charged to finance expense in the period.

Prior to completion of the disposal of the Carewatch business on 3rd October 2008, the £60,000,000 notional borrowings of the two contracts were at most times similar to the overall level of actual net borrowings held by the Company. The contracts therefore provided a hedge against the effect of interest rate movements on the Company's actual borrowings, although the precise effectiveness of this was tempered to some extent by the contracts being referenced to three-month LIBOR rates whereas interest rates payable on actual borrowings are linked to either bank base rates or one-month LIBOR rates, both of which are generally lower. However, since the Carewatch disposal which realised gross cash consideration of £37,000,000 before expenses, actual Company borrowings have been significantly reduced. This differential could have been eliminated at any time since then by a cash settlement, paid to one or both of the banks, thereby cancelling a sufficient proportion of the contracts to bring the continuing notional borrowing broadly into line with actual or projected actual borrowings. Any cash settlement to be made would have been equivalent to the then fair value of the cancelled contract, which should in turn have been equivalent to the respective discounted net present value of the projected quarterly cash payments that would have arisen had the contracts continued.

No such cancellation was effected in the period between 3rd October 2008 and 1st March 2009, notwithstanding the general policy adopted of not using any financial instrument to enter into what could be regarded as speculative positions. In the opinion of the directors, it would not have been in the interests of the Company to have to settle the associated cash payments required.

Notes to the interim accounts
for the 2 months ended 1st March 2009

12 Financial instruments

The Company has exposure to certain risks arising from its use of financial instruments, these being categorised as market risk, credit risk, liquidity risk and capital risk. This note describes the financial instruments used, their values, the risks to which the Company is exposed and the Company's objectives, policies and processes for measuring and managing them.

With the exception of the position as at 1st March 2009 and 31st December 2008 with regard to derivative financial instruments referred to in note 22, there have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

The principal financial instruments used by the Company, from which financial instrument risk arises, are trade receivables, cash at bank, bank overdrafts, trade and other payables, floating rate bank loans and interest rate derivative contracts. The Board of directors has overall responsibility for the determination of the Company's risk management objectives and policies, the overall objective being to set policies that seek to reduce risk as far as possible without unduly affecting the Company's flexibility and competitiveness.

A summary of financial assets and liabilities (which taken together comprise the financial instruments), measured both at carrying value and fair value, is as follows:

	01.03.2009		31.12.2008	
	Carrying value £000	Fair value £000	Carrying value £000	Fair value £000
Financial assets - cash at bank and in hand - sterling	1,489	1,489	2,016	2,016
Financial assets - cash and cash equivalents	1,489	1,489	2,016	2,016
Financial assets - amounts owed by Group companies	31,749	31,749	-	-
Financial assets - loans and receivables	31,749	31,749	-	-
Total financial assets	33,238	33,238	2,016	2,016
Short-term financial liabilities - amounts owed to Group companies	-	-	(27,667)	(27,667)
Short-term financial liabilities - bank borrowings	(16,000)	(16,000)	(17,000)	(17,000)
Financial liabilities at amortised cost	(16,000)	(16,000)	(44,667)	(44,667)
Interest rate derivatives	(2,646)	(2,646)	(2,552)	(2,552)
Financial liabilities at fair value	(2,646)	(2,646)	(2,552)	(2,552)
Total financial liabilities	(18,646)	(18,646)	(47,219)	(47,219)
Net financial assets/(liabilities)	14,592	14,592	(45,203)	(45,203)

Financial assets and liabilities determined by category are accordingly as follows:

	01.03.2009 £'000	31.12.2008 £'000
Financial assets - cash and cash equivalents	1,489	2,016
Financial assets - loans and receivables	31,749	-
Financial assets - total	33,238	2,016
Financial liabilities at amortised cost	(16,000)	(44,667)
Financial liabilities at fair value	(2,646)	(2,552)
Net financial assets/(liabilities)	14,592	(45,203)

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest.

Further disclosures on the interest rate derivatives included within financial liabilities at fair value are contained within note 11.

Income and expense in relation to financial instruments are disclosed in note 4.

Market risk
Market risk represents the potential for changes in foreign exchange rates and interest rates to affect the Company's profit and the value of its financial instruments. In general the Company's objective in market risk management is to minimise its exposures to fluctuations within such variables whilst optimising returns. At 1st March 2009 and 31st December 2008 this general objective had been partially modified by the particular position with regard to the interest rate derivative financial instruments referred to in note 11.

Interest rate risk

The interest rate profile of the financial liabilities of the Company was:

	Floating rate financial liabilities £000
At 1st March 2009 - bank borrowings - all sterling	16,000
At 31st December 2008 - bank borrowings - all sterling	17,000

All financial liabilities other than bank borrowings have been excluded from this analysis due to their short-term nature.

Floating rate interest rates that apply to bank borrowings are linked either to LIBOR (in the case of revolving credit loans) or bank base rates (in the case of overdrafts). Revolving credit loans are generally rolled over for periods of one month, so that the LIBOR rate applied will in consequence be, or approximate to, one-month sterling LIBOR.

The Company's financial assets at 1st March 2009 of £1,489,000 (2008: £2,016,000) all consisted of floating rate financial assets. These comprise bank balances; the Company did not have any bank overdraft balances at either 31st December 2008 or 1st March 2009 to offset against these.

The floating rate financial assets earn interest at rates based on LIBOR and are all recoverable within one year or on demand. The effect of variations in interest rates on finance income generated from these financial assets is considered to be generally not material.

Notes to the interim accounts

for the 2 months endad 1st March 2009

12 Financial instruments continued

Interest rate risk - sensitivity analysis

Following the disposal of the Carewatch business on 3rd October 2008 the Company's overall net borrowings have averaged approximately £17,000,000. All of these borrowings bear interest at variable rates. The impact of a reduction in the vanable intarest rate applicable (whether bank base rate or one-month sterling LIBOR) of 1 percentage point would accordingly be to increase Company's pre-tax profit by approximately £170,000 per annum, other things being equal. Similarly the impact of an increase of 1 percentaga point would be to reduce pre-tax profit by approximately £170,000 per annum.

The impact of interest rate variations on the fair value of the interest rata derivativa contracts and the associated cash payments or receipts that could fall due also needs to be considered. Whilst three-month LIBOR rates remain below the contracted floors of either 4.50% or 4.85% (which was tha casa at 1st March 2009 and 31st December 2008) then this would trigger cash payments under the contracts. If three-month LIBOR were to be 2.25% at a particular strike point, the cash payment immediately following would be £351,000. If the rate were instaad to be lower by 1 percentage point, i.e. 1.25%, then this quarterly payment would be higher by £150,000.

If three-month LIBOR were to rise above the cap of 7.00%, then cash receipts for lhe Company would be triggered to an equal and opposite amount as if the rate were balow the floor(s), although in the opinion of the directors the likalihood of this occurring in the lifetime of the contracts (prior to November 2010) is low.

The impact of variations in three-month LIBOR on the fair value of the derivative contracts will depend, inter alia, on the current rate, the expectation of what the rate will be at all futura strike points through to the end of the contracts, and assumed discount rates. Quantification is accordingly imprecise. Nonetheless, if the rate of three-month LIBOR (actual and/or expected) were to fall by 1 percentaga point, then fair value of the two contracts combinad would probably become more negative by an amount in the range £800,000 to £1,200,000, other things being aqual. This would result in a charge of an aquivalent amount being made to finance expense immediately on recognition.

Liquidity risk

Liquidity risk reflects the risk that the Company will have insufficient resources to meet its financial obligations as they fall due. The Company's strategy and policy in respect of managing liquidity risk is to ensure that tha Company has sufficient liquid funds at all timas to meat all of its actual and potential liabilitias as they fall dua, including anticipated shareholder distributions. Sensitivities are applied to all projections of liabilities and liquid resources to ensure that resources will remain sufficient under all reasonable downside projections.

Liquidity forecasts are produced on a weakly basis, or when drawing on the facilities, to ensure that utilisation of current facilities is optimised, and also on a monthly and quarterly basis to project compliance with covenant compliance targets agreed with the Company's bankers and to ensure that medium-tarm liquidity is maintained.

The maturity profile of the bank borrowings of the Company, including interest payments (not discounted) at was as shown in the table below Interest payments have been calculatad using LIBOR rates at lhe period end, except where rates have already been contracted

	01.03.2009 £000
Within 1 year, or on demand	16,501
At 1st March 2009	16,501

	31.12.2008 £000
Within 1 yaar, or on demand	17,642
At 31st December 2008	17,642

Following the disposal of the Carewatch business in October 2008 for a gross cash consideration, before expenses, of £37,000,000, tha Group's bank facilitias were raduced by an equivalent amount, to a total of £33,000,000. This total facility includes provision of both revolving credit loans and ancillary facilities (being overdrafts, bonds and guarantees). This total facility was further reduced to £29,000,000 on 31st December 2008.

The above facilities incur commitmant faes at market rates.

Total facilities are schaduled to fall further to £26,000,000 as at 31st March 2009, then to £25,000,000 as at 30th June 2009, then finally to £23,000,000 as at 30th September 2009. All of thase reductions were agreed between the Group and its bankers as part of tha renegotiation of tha tarms of tha facilities at the time of the Carewatch disposal.

The Group's banking facilities (of which the Company's loans are the major part) expire in December 2009 and will requira renewal at that point. There can be no cartainty as to tha terms and amounts and duration of this renewal whan it takes place. Nonetheless, the directors expect to be able to conclude a renewal on tarms which are overall acceptable to the Group. Subject to this qualification, tha current facilities are considered to be adequate to meet all of the Group's cash flow requirements for the foreseeable future barring the potential impact of any extreme circumstancas that could not reasonably be anticipated.

Capital risk

In managing its capital, tha Company's primary objective is to ensure its continued ability to provida a consistent return for its equity shareholders through a combination of capital growth and distributions by way of dividends.

The Company is party to an overall Group banking facility for which cross-guarantees are in placa

13 Share capital

	Authorised		Allotted, issued and fully paid	
	Number	£000	Number	£000
Ordinary shares of 10p aach				
At 1st January 2009 and 1st January 2008	200,000,000	20,000	200,000,000	20,000
At 1st March 2009 and 31st December 2008	200,000,000	20,000	200,000,000	20,000

The ordinary shares in issue are considered by tha Company to be capital in nature. The Company is not subject to any externally imposed capital requirements.

Notes to the interim accounts

for the 2 months ended 1st March 2009

14 Share premium account and reserves

	Share premium account 01.03 2009 £000	Share payment reserve 01.03 2009 £000	Other reserves 01.03 2009 £000	Retained (losses)/ earnings 01.03 2009 £000
At 1st January 2009	71,439	1,387	25,750	(16,155)
Share-based payments	-	100	-	-
Profit for the period	-	-	-	59,747
At 1st March 2009	71,439	1,487	25,750	43,592

Included in other reserves of the Company at 1st March 2009 are £25,750,000 of distributable reserves (2008: £25,750,000) and no non-distributable reserves (2008: £nil). These other reserves comprise foreign exchange, acquisition and merger reserves and reserves arising from the cancellation of a share premium account, all arising in the period from 1989 to 1992. The retained earnings of the Company as at 1st March 2009 include £10,475,000 that is categorised as distributable (2008: (£49,291,000)) and £33,136,000 that is non-distributable (2008: £33,136,000).These non-distributable reserves within retained earnings relate to the receipt of a dividend from another Group company as part of a restructuring carried out in 2002, partially offset by subsequent impairments in investments in Group companies.

On 27th February 2009, the company received a dividend of £60,000,000 from its subsidiary company, Helenus Limited.

	Share premium account 31.12 2008 £000	Share payment reserve 31.12 2008 £000	Other reserves 31.12.2008 £000	Retained earnings/ (losses) 31.12 2008 £000
At 1st January 2008	71,439	931	25,750	40,664
Share-based payments	-	456	-	-
Loss for the year	-	-	-	(55,691)
Dividends paid to equity shareholders	-	-	-	(1,128)
At 31st December 2008	71,439	1,387	25,750	(16,155)

All categories of reserve disclosed above are considered by both Group and Company to be capital in nature. Neither the Group nor the Company are subject to any externally imposed capital requirements.

15 Statement of changes in equity

	01.03.2009 £000	31.12.2008 £000
Net recognised income/(expense)	59,747	(55,691)
Dividends paid to equity shareholders	-	(1,128)
Increase in share payment reserve	100	456
Increase/(decrease) in total equity	59,847	(56,363)
Total equity at the beginning of the period	93,705	150,068
Total equity at the end of the period	153,552	93,705

16 Notes to the cash flow statements

	01.03.2009 £000	31.12 2008 £000
Reconciliation of profit/(loss) to cash generated from operations		
Profit/(loss) after tax for the period	59,747	(55,691)
Adjustments for:		
Tax expense/(credit)	(98)	-
Finance expense	206	5,640
Impairment of investments	-	50,000
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(31,731)	16,512
(Decrease)/increase in trade and other payables	(27,552)	26,967
Cash generated from operations	572	43,428

	01.03.2009 £000	31.12.2008 £000
Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash and cash equivalents	(527)	1,683
Decrease in loans from banks	1,000	37,000
	473	38,683
Net debt at the beginning of the period	(14,984)	(53,667)
Net debt at the end of the period	(14,511)	(14,984)

Notes to the interim accounts

for the 2 months ended 1st March 2009

17 Employees, directors and key management

The Company had no employees during the period (2008: nil).

All managers regarded as being key managers were employed during the period by a subsidiary company, Nestor Primecare Services Limited.

Directors' emoluments

	Basic salary and fees £000	Taxable benefits £000	Total 2 months to 01.03.2009 £000	Total year to 31.12.2008 £000
Stephan Booty (resigned 30th April 2008)	-	-	-	715
Roger Dye	6	-	6	35
Martyn Ellis	35	2	37	241
Sir Andrew Foster	6	-	6	35
John Rennocks	29	-	29	144
Total	76	2	78	1,170

Employer contributions into defined contribution pension schemes of behalf of Martyn Ellis amounted to £7,000 in the 2 months to 1st March 2009 (2008: £42,292). No pension contribution have been made in respect of any other current director in either the 2 month period to 31st March 2009 or in the year to 31st December 2008.

18 Share-based payments

These consist of grants of shares and options over shares of the Company. Similarly all schemes referred to are schemes of and in the name of the Company. All Group employees to whom grants have been made are employees of a subsidiary company, Nestor Primecare Services Limited. Fair values have been calculated and charged to operating profit of that subsidiary company for all share-based payments. Assumptions used and results of the fair value calculations are set out below.

	Exercise price pence	Shares under option at 01.01.2008	Shares under option at 31.12.2008	Shares under option at 01.03.2009	Vesting periods
Savings Related Share Option Scheme - 2003 awards	147.63	11,122	890	890	3 to 5 years
Savings Related Share Option Scheme - 2005 awards	113.84	155,015	12,377	12,377	3 to 5 years
Savings Related Share Option Scheme - 2007 awards	140.04	237,935	107,276	107,276	3 to 5 years
Savings Related Share Option Scheme - 2008 awards	41 40	-	728,531	728,531	3 to 5 years
Share Option Plan 2002 - 2003 awards	256.98 and 282.82	176,934	103,997	103,997	3 years
Share Option Plan 2002 - 2005 awards	143.53 and 107.59	1,013,551	-	-	3 years
Long-term Incentive Plan - deferred shares - 2005 award	-	35,901	-	-	3 years
Performance Share Plan - 2006 award	-	1,014,179	910,245	910,245	3 years
Performance Share Plan - 2007 award	-	636,217	542,380	542,380	3 years
Performance Share Plan - 2008 awards	-	-	1,352,312	1,352,312	3 years
		3,280,854	3,758,008	3,758,008	

Assumptions

The share price used in the calculation of fair value has in each case been the share price on the date of grant.

SAYE awards must be exercised within six months of vesting. Assumed life terms have accordingly bean set at either 3.25 years or 5.25 years for these awards. Share Option Plan 2002 awards may be exercised within three to ten years from the date of award. Exercise of these options is assumed to be spread through this period. Fixed three year terms have been assumed for the Long-term Incentive Plan ("LTIP") and Performance Share Plan ("PSP") awards.

The expected volatility is based on historical volatility over periods which correspond to the forward life assumptions for each category of award, being 3.25 to 5.25 years for SAYE awards, six years effective average for Share Option Plan 2002 awards and three years for LTIP and PSP awards. Two periods of exceptional volatility have been excluded, with additional historical data substituted in their place.

The risk-free rate of interest assumed is the rate of interest obtainable from government securities over the same expected terms as have been used for the volatility calculations.

The dividend yield assumed has been calculated using publicly available information at the respective grant dates, being the historical dividend yield

The LTIP matching shares awards and PSP awards are subject to a total shareholder return ("TSR") vesting condition. This condition has been allowed for in the calculations of fair value.

Lapsing rates of 10% per annum have been assumed for SAYE awards, 7.5% per annum for Share Option awards and 0% for LTIP and PSP awards.

The options outstanding at 1st March 2009 had a weighted average remaining contractual life of 3.0 years (2008: 3.2 years).

Results of calculations of fair value

The fair value of share-based transactions has been calculated using a stochastic simulation modelling technique, developed in consultation with an independent third party advisor, Hewitt New Bridge Street. The charge so calculated for 2009 is £100,000 (2008: £456,000). The elements of this charge analysed by share-based transaction are as follows:

	Fair value of one option £	Total fair value charge 01.03.2009 £000	Total fair value charge 31.12.2008 £000
Savings Related Share Option Scheme - 2005 awards	0.69 and 0.73	1	9
Savings Related Share Option Scheme - 2007 awards	0.91 and 1.05	9	57
Savings Related Share Option Scheme - 2008 awards	0.20 and 0.21	7	21
Performance Share Plan - 2006 award	0.84	26	113
Performance Share Plan - 2007 award	1.07	32	168
Performance Share Plan - 2008 awards	0.39 and 0.26	25	88
Total charge		100	456

The liability to the Company in respect of these shares is accounted for as a capital contribution made to subsidiary companies by the Company, and as such is recognised as an increase in investments in the balance sheet.

Notes to the interim accounts

for the 2 months ended 1st March 2009

19 Share option schemes

The following table sets out options in issue under the various Company schemes at the beginning and end of the period and movements during the period. Share options in issue expire after a certain time and exercise dates vary. Exercise rights are subject to the rules of the schemes and share options in issue are not normally exercisable until the expiry of a period of at least three years. In addition, achievement of performance targets is normally required in all schemes except the SAYE Scheme.

No options were exercised during the 2 month period to 1st March 2009 or in the year to 31st December 2008.

The number of options that had vested and were exercisable at 1st March 2009 was 365,052 (2008: 365,052). The average exercise price of these vested and exercisable options was 330.47p at 1st March 2009 (2008: 330.47p).

Movements in the period to 1st March 2009 were as follows:

Date of issue	Adjusted option price pence	In issue 1st Jan 2009	Granted in the period	Exercised in the period	Lapsed in the period	In issue 1st March 2009
Company Share Option Plan 1996						
April 1999	382.89	5,410	-	-	-	5,410
October 1999	560.48	8,798	-	-	(4,638)	4,160
May 2000	399.33	42,926	-	-	(4,701)	38,225
March 2001	509.74	8,910	-	-	-	8,910
October 2001	479.20	6,260	-	-	-	6,260
		72,304	-	-	(9,339)	62,985
Employee Share Option Scheme 1996						
April 1999	382.89	8,818	-	-	-	8,818
May 2000	399.33	45,077	-	-	(6,635)	38,442
March 2001	509.74	26,391	-	-	(3,236)	23,155
October 2001	479.20	4,487	-	-	-	4,487
		84,773	-	-	(9,871)	74,902
Share Option Plan 2002						
July 2002	251.35	90,711	-	-	(3,680)	87,031
June 2003	256.98	68,876	-	-	-	68,876
November 2003	282.82	35,121	-	-	(1,064)	34,057
		194,708	-	-	(4,744)	189,964
Savings Related Share Option Scheme						
April 2003	147.63	890	-	-	-	890
April 2005	113.84	12,377	-	-	-	12,377
May 2007	140.04	107,276	-	-	-	107,276
June 2008	41.40	728,531		-	-	728,531
		849,074	-	-	-	849,074
Total		1,200,859	-	-	(23,954)	1,176,905

Movements in the year to 31st December 2008 were as follows:

Date of issue	Adjusted option price pence	In issue 1st Jan 2008	Granted in the year	Exercised in the year	Lapsed in the year	In issue 31st Dec 2008
Company Share Option Plan 1996						
April 1998	222.22	4,961	-	-	(4,961)	-
April 1999	382.89	5,410	-	-	-	5,410
October 1999	560.48	8,798	-	-	-	8,798
May 2000	399.33	47,188	-	-	(4,262)	42,926
March 2001	509.74	8,910	-	-	-	8,910
October 2001	479.20	6,260	-	-	-	6,260
April 2002	511.15	5,868	-	-	(5,868)	-
		87,395	-	-	(15,091)	72,304
Employee Share Option Scheme 1996						
April 1998	222.22	6,580	-	-	(6,580)	-
April 1999	382.89	8,818	-	-	-	8,818
May 2000	399.33	54,744	-	-	(9,667)	45,077
March 2001	509.74	32,766	-	-	(6,375)	26,391
October 2001	479.20	4,487	-	-	-	4,487
April 2002	511.15	25,433	-	-	(25,433)	-
		132,828	-	-	(48,055)	84,773
Share Option Plan 2002						
July 2002	251.35	125,722	-	-	(35,011)	90,711
October 2002	199.67	120,200	-	-	(120,200)	-
June 2003	256.98	119,463	-	-	(50,587)	68,876
November 2003	282.82	57,471	-	-	(22,350)	35,121
January 2005	143.53	915,954	-	-	(915,954)	-
November 2005	107.59	97,597	-	-	(97,597)	-
		1,436,407	-	-	(1,241,699)	194,708
Savings Related Share Option Scheme						
April 2003	147.63	11,122	-	-	(10,232)	890
April 2005	113.84	155,015	-	-	(142,638)	12,377
May 2007	140.04	237,935	-	-	(130,659)	107,276
June 2008	41.40	-	790,288	-	(61,757)	728,531
		404,072	790,288	-	(345,286)	849,074
Total		2,060,702	790,288	-	(1,650,131)	1,200,859

Notes to the interim accounts

for the 2 months ended 1st March 2009

20 Share awards

Awards have been made to directors and certain senior managers in each of 2006, 2007 and 2008 under the Performance Share Plan, the rules of which were adopted in April 2006

Movements in the period to 1st March 2009 were as follows:

Date of award	Share price at time of award pence	In issue 1st Jan 2009	Granted in the period	Vested in the period	Lapsed in the period	In issue 1st March 2009
April 2006	120.27	910,246	-	-	-	**910,246**
March 2007	159.85	542,380	-	-	-	**542,380**
May 2008	52.00	1,025,854	-	-	-	**1,025,854**
Sept 2008	35.15	326,458	-	-	-	**326,458**
Total		2,804,938	-	-	-	**2,804,938**

Movements in the year to 31st December 2008 were as follows:

Date of award	Share price at time of award pence	In issue 1st Jan 2008	Granted in the year	Vested in the year	Lapsed in the year	In issue 31st Dec 2008
April 2006	120.27	1,014,179	-	-	(103,933)	**910,246**
March 2007	159.85	636,217	-	-	(93,837)	**542,380**
May 2008	52.00	-	1,025,854	-	-	**1,025,854**
Sept 2008	35.15	-	326,458	-	-	**326,458**
Total		1,650,396	1,352,312	-	(197,770)	**2,804,938**

21 Controlling party

The Company is a public company listed on the London Stock Exchange and has no parent company or controlling party.